



**Arizona Department of Transportation
Disadvantaged Business Enterprise
Mentor/ Protégé Program**

DBE Mentor Protégé Program Guidelines

Objective and Purpose:

It is a function of the Arizona Department of Transportation (ADOT) Civil Rights Office to aid in the collaboration between prime contractors and Disadvantaged Business (DBE) firms. Appendix D of 49 CFR Part 26 (A) states in part: "The purpose of this program element is to further the development of DBE's, including but not limited to assisting them to move into non-traditional areas of work and or compete in the marketplace outside the DBE program, via the provision of training and assistance from other firms."

The mission of the ADOT Mentor Protégé Program is to support professional collaborations between emerging DBEs or DBEs seeking to enter new markets and established firms that have achieved success within the desired market. Collaborations should result in the following:

- Market penetration;
- The establishment of "best business practices" for the DBE; and
- The development of a sustainable business model that will enable the DBE to maintain a market presence beyond the term of the Mentor Protégé Agreement.

A Mentor Protégé arrangement exists when an experienced company or individual (Mentor) provides assistance and training to a DBE (Protégé). A mentor protégé arrangement can range from technical and management assistance to the creation of a new, jointly-owned firm or agreement.

Sample Development Plan:

This sample development plan provides the basic structure for a Mentor Protégé Agreement. Use "Plan contents, A-H" and "Examples of Mentor Assistance" as a guide in putting together a proposed plan. However, a mentor- protégé relationship is not limited to the types of assistance that are included below. Please make note of the Mentor Protégé Program information under Section III. The development plan should clearly set forth the objective of the parties and their respective roles.

I. Plan Contents

- A. **Areas of Assistance**- Identify the specific areas in which the protégé requires assistance.
- B. **Schedules of Assistance**- Define the specific types and scope of assistance the mentor will provide to meet the protégé's needs and the time frames by which the assistance will have served to accomplished the objective(s).

- C. **Responsibilities**- Define the specific responsibilities of the mentor and the protégé in each of respective activity.
- D. **Benchmarks**- Include measurable benchmarks to be reached by the protégé at successive stages of the plan.
- E. **Evaluation**- Provide formal evaluations of the protégé's attainment of the identified benchmarks. (Independent evaluations will be made by ADOT's Civil Rights Office to confirm the protégé's attainment of benchmarks.)
- F. **Duration**- Specify the maximum time frame for which the plan will remain in effect (not more than three years). If a contract is subject to an approved Mentor Protégé Agreement for Contract Assistance and Training and its duration is longer than three years, ADOT's Civil Rights Office will review the progress at the end of the three year period and make a determination regarding the propriety of continuing the mentor protégé relationship.
- G. **Key Personnel**- Identify the mentor's representative(s), including the experience of the identified representative(s) responsible for training and/or coordinating the assistance provided to the protégé.
- H. **Copies of Agreements**- Provide copies to ADOT's Civil Rights Office of all lease agreements, rental agreements, bond payments, etc. made for the duration of the plan. Copies of any agreement entered into by the mentor or the protégé at a later date, but during the term of the plan, must be forwarded to ADOT's Civil Rights Office for approval with ten (10) days of execution of such agreement.

II. Examples of Mentor Assistance

Training/ Development:

- A. The mentor agrees to provide an initial assessment of the proposed activities and/or skills the protégé is able to provide at the time of entering in the Mentor- Protégé Agreement. The training and/or development plan provided to the protégé by the mentor shall be based on this preliminary assessment.
- B. The mentor will also provide the protégé with periodic evaluations related to the identified areas of training and/or development provided, as identified in the initial assessment.

Technical Management:

- A. Guidance in the interpretation of plans, specifications, bid documents, estimating and pricing.
- B. Guidance in general financial management by implementing procedures for budgeting, cash flow, bookkeeping and accounting.
- C. Assistance with contract preparation and documenting and submitting change orders.
- D. Assistance in obtaining bonding, insurance and meeting other business needs.
- E. Assistance in establishing business relationships with necessary suppliers.
- F. Familiarizing and assisting the protégé with compliance with applicable laws, rules and regulations.

Personnel:

The mentor may provide skilled personnel to the protégé if the mentor receives advance written approval from ADOT Civil Rights Office for each occurrence.

- A. Lending of personnel by the mentor to the protégé will be limited to personnel with special expertise.
- B. Mentor's personnel should assist with management functions or provide technical training and/or supervision under the plan. Personnel provided by mentor can remain on mentor's payroll.
- C. Long-term, continual, or repetitive use by a DBE subcontractor of personnel primarily employed by the mentor will be construed as an attempt to artificially inflate DBE participation.

Financial:

- A. The mentor- protégé arrangement may provide for early or advance payments (working capital) except where it would be inconsistent with federal or state guidelines, regulations or statutes. Time notes, loans and stocks are acceptable methods of assuring payment in exchange for working capital.
- B. The protégé shall be paid in a timely manner in accordance with the terms of any contract for work performed as a subcontractor, and such payments due shall not be contingent upon or subject to withholding, retainage or bank charges of any kind based upon program cost reimbursement due to the mentor pursuant to an approved Mentor Protégé Agreement for contract assistance and training incorporated into the contract.

Equipment:

- A. The plan may give the protégé the option to lease equipment from the mentor as well as from third parties.
- B. The mentor may assist the protégé with obtaining lines of credit.
- C. All equipment leased by protégé must be needed for the current ADOT contract.
- D. The mentor may assist the protégé with obtaining the equipment and/or supplies needed to perform contract work. However, the mentor must not be responsible for the actual lease or purchase, may not provide any security for the protégé's lease or purchase, and may not be financially responsible if the protégé defaults on its lease or purchase.

Attach copies of lease agreements, rental agreements, bond payments, etc. related to the plan. List the documents attached. As stated previously, any agreements entered into after approval of the plan must be provided to ADOT's Civil Rights Office no later than ten (10) days after the execution of such agreement.

III. Other Mentor- Protégé Program Information

Relevant skills

In every case in which an ADOT contract is awarded to firms involved in a mentor protégé relationship, the contract activities of the protégé should correlate with the protégé's existing skills and ongoing development as indicated in the Mentor- Protégé Agreement.

Modifications of Plan

ADOT reserves the right to require changes to the plan when ADOT's Civil Rights Office deems it necessary to meet the goals of the Mentor Protégé Program. In addition, the parties may make changes to the plan with prior written approval from the ADOT Civil Rights Office.

Supportive Services Assistance

ADOT DBE supportive services consultants are available to provide assistance to participants of the Mentor Protégé Program. Mentors and protégés are encouraged request consultant assistance whenever necessary.

Termination

The development plan must contain a provision that it may be terminated by mutual consent of the parties or by the ADOT Civil Rights Office upon its determination that:

- A. The protégé no longer meets the eligibility standards for DBE certification;
- B. Either party has failed or is unable to meet its obligations under the development plan;
- C. The DBE is not progressing or is not likely to progress in accordance with the development plan;
- D. The DBE has reached a satisfactory level of self-sufficiency to compete without aid of the development plan; and/or
- E. The plan or provisions thereof are contrary to the requirements of federal, state or local law or regulation, or otherwise inimical to public policy.

The development plan may include a provision that either party for any reason may dissolve the arrangement by notifying the ADOT CRO.

Monitoring

The ADOT Civil Rights Office will conduct quarterly reviews of each Mentor Protégé agreement. If the agency determines that the Mentor Protégé Program requirements are not being followed, approval of the Mentor Protégé agreement will be revoked. The initial determination will be made by the DBE Certification Program Manager with review and approval by the ADOT Civil Rights Administrator. Revocation of a Mentor Protégé agreement is not appealable.

The proposed Mentor Protégé plan should include a scheduled of quarterly update submissions and a draft matrix of the elements to be reported against.

The ADOT Mentor Protégé Program will be implemented in accordance with the guidelines set forth in 49 CFR Section 26.35 (b) (2).

Prohibitions

The following are not permitted in mentor protégé relationships:

- A. No Agreement can force the protégé into an exclusive arrangement with the mentor. As a general rule, the protégé must retain the right to contract with others during the duration of the said Agreement and the plan.
- B. Under no circumstances is the mentor permitted to have an ownership interest of any kind in protégé.
- C. Although there may be various levels of assistance rendered by a mentor to a protégé, no assistance can reach the level where day-to-day control has been relinquished by the protégé to the mentor.
- D. The parties to a prospective mentor protégé relationship must not proceed with a written plan which has not been reviewed and approved in advance by ADOT's Civil Rights Office. Any activities conducted prior to the existence of a fully executed and approved Mentor Protégé Agreement for Contract Assistance and Training will not be credited toward any established contract DBE goal.
- E. The DBE may never be relegated to the status of middleman, broker or front.
- F. At no time shall any arrangement lead to a situation where final- decision making authority is taken away from the protégé.
- G. The mentor may not use the DBE protégé to meet more than one half of its DBE goal on any one contract.
- H. The mentor may not use the DBE protégé for credit on more than every other contract performed by the DBE protégé.

Notifications/ Approval Requests:

All notifications, requests for approval, agreements, and quarterly reports as well as all other communications by the mentor and or protégé to ADOT must be addressed to:

Arizona Department of Transportation
Civil Rights Office
Attention: Jamie Geist
DBE Certification Program Manager
1135 N. 22nd Ave. Mail Drop 154
Phoenix, AZ 85009

Documentation may be submitted via email to jgeist2@azdot.gov.